

AGENDA ITEM 5
AUDIT RESOLUTION STATUS - REAL ESTATE AUDIT FINDINGS
(CURRENT YEAR REPORTS WITH CURRENT YEAR UPDATES)
AS OF DECEMBER 31, 2007

Partner/Property	Auditor's Finding and Recommendation	Auditee Response and Status per Investment Office	Finding Status / Auditor Comment
RREEF America, LLC CalSmart General Partner Level (July 2007)	<p>1. (II) Company Background Procedures: Dedicated Team Compensation Reporting - The Auditors noted that RREEF did not report to CalPERS the compensation paid to the dedicated team within 60 days of the fiscal year-end as required by Section 4.1 (b) of the Agreement. In addition, the Auditors noted that RREEF has not reported such compensation to CalPERS in previous fiscal years.</p> <p>The Auditors recommend that RREEF report the dedicated team's compensation to CalPERS within 60 days after the fiscal year end pursuant to Section 4.1(b) of the Agreement.</p>	<p>1. (II) RREEF America, LLC response - "We are in agreement with the recommendation you provided. We are accordingly willing to submit to CalPERS a report defining the compensation paid to the CalSmart Portfolio Manager when appropriate."</p> <p>Response from Investment Office</p> <p>RREEF has provided a letter reporting compensation and will continue to do so within 60 days after the fiscal year. The Investment Officer considers this finding resolved.</p>	<p>1. (II) COMPLETE:</p> <p>The Auditor concurs with corrective action taken.</p>

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CalWest Industrial Properties, LLC., RREEF America, LLC. General Partner Level (Sept 2007)	<p>1. (III.1) Asset Management Fee - The Auditors noted that RREEF is not calculating the property management fee in accordance with the Agreement.</p> <p>The Auditors recommend that RREEF provide a credit to CalPERS on a subsequent asset management fee billing in the total amount of \$181,875 and further recommended that the calculation be corrected to prevent future overstatements.</p>	<p>1. (III.1) RREEF America, LLC response - [in part] "RREEF disagrees with the finding and recommendation. Several years ago RREEF realized that Exhibit H does not address if or how asset management fees should be pro-rated during a quarter. RREEF brought this matter to CalPERS' attention and after lengthy analysis and negotiation it was agreed that asset management fees should and would be prorated on a daily basis during any given quarter. This understanding was memorialized in a letter dated April 20, 2005 and approved by CalPERS." [See final report for complete response].</p> <p>Response from Investment Office Staff considers this issue resolved.</p>	<p>1. (III.1) COMPLETE: The Auditor reviewed the letter approved by CalPERS with regards to the treatment of the asset management fee and agreed with the methodology to be used. No further recommendations are deemed necessary.</p>
CalWest Industrial Properties, LLC., RREEF America, LLC. General Partner Level (Sept. 2007)	<p>2. (III.2) Disbursement Testing - The Auditors noted that one selected disbursement related to delinquent excise taxes charged to the Fund.</p> <p>The Auditors recommend that RREEF reimburse the fund in the amount of \$7,228.52 relating to late fees.</p>	<p>2. (III.2) RREEF America, LLC response - Regarding the late excise tax fee [in part], "RREEF will reimburse CalWest for this amount." [See final report for complete response].</p> <p>Response from Investment Office Staff considers this issue resolved.</p>	<p>2. (III.2) COMPLETE: The Auditor concurs with corrective action taken.</p>

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CalWest Industrial Properties, LLC., RREEF America, LLC. General Partner Level (Sept. 2007)	3. (IV.1) Investment Summary - The Auditors noted that one investment summary did not contain CalPERS share of purchase price, acquisition related costs and acquisition fees. The Auditors recommend that for all future acquisitions, investment summaries submitted to CalPERS contain all information as required by Exhibit O of the Agreement.	3. (IV.1) RREEF America, LLC response - "Per MHM's recommendation, for future CalWest acquisitions, CalPERS share of each acquisition will be broken out by purchase price, acquisition related costs and acquisition fees." Response from Investment Office Staff concurs and considers this issue resolved.	3. (IV.1) COMPLETE: The Auditor concurs with corrective action taken.
CalWest Industrial Properties, LLC., RREEF America, LLC. General Partner Level (Sept. 2007)	4. (IV.2) Investment Activity Worksheet - The Auditors noted that for one transaction the purchase and sale agreement amount did not agree to the quarterly report. The Auditors recommend the discrepancy be corrected.	4. (IV.2) RREEF America, LLC response - "RREEF agrees with the recommendation, and in fact, the transaction amount for 1007 East University Drive has already been corrected in the quarterly report to agree to the purchase and sale agreement. The correct amount is \$8,600,000." Response from Investment Office Staff concurs and considers this issue resolved.	4. (IV.2) COMPLETE: The Auditor concurs with corrective action taken.

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CalWest Industrial Properties, LLC., RREEF America, LLC. General Partner Level (Sept. 2007)	<p>5. (V.1) Leasing Agent Selection - The Auditors noted deficiencies with regard to documentation of leasing agent selection.</p> <p>The Auditors recommend that portfolio management retain documentation of the competitive bidding process and selection of the leasing agents.</p>	<p>5. (V.1) RREEF America, LLC response - [in part] "Per MHM's recommendation, RREEF will retain documentation of the competitive bidding process and selection of the leasing agents. However, it should be stated that the selection of a leasing agent is rarely determined by cost. Other factors such as length-of-experience, market knowledge, team strength and competitive listings can often be more important than cost." [See final report for complete response].</p> <p>Response from Investment Office</p> <p>Staff concurs and considers this issue resolved.</p>	<p>5. (V.1) COMPLETE:</p> <p>The Auditor concurs with corrective action taken.</p>
CalWest Industrial Properties, LLC., RREEF America, LLC. Property Management Level Southcenter Park West (Sept. 2007)	<p>6. (IV.3) CAM Reconciliation - The Auditors noted that roof repairs were incorrectly included in CAM.</p> <p>The Auditors recommend that property management remove roof repairs from future CAM reconciliations and refund or credit to tenant their share of the roof repairs paid through CAM.</p>	<p>6. (IV.3) RREEF Management Co. response - "RREEF will remove roof repairs from future CAM reconciliations for Liquidation World. RREEF will provide a credit to Liquidation World for its share of roof repairs included in previous CAM billings."</p> <p>Response from Investment Office</p> <p>Staff concurs and considers this issue resolved.</p>	<p>6. (IV.3) COMPLETE:</p> <p>The Auditor concurs with corrective action taken.</p>

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CalWest Industrial Properties, LLC., RREEF America, LLC. Property Management Level Woodinville (Sept. 2007)	7. (IV.3) Tenant Improvement Contract - The Auditors noted an unsigned and unexecuted change order request for a sampled tenant improvement. The Auditors recommend that property management maintain signed and executed change orders in the tenant improvement files as evidence of approval for the change to the original contracted amount.	7. (IV.3) RREEF Management Co. response - "RREEF will obtain and maintain signed change orders in the vendor and lease files for all tenant improvement work." Response from Investment Office Staff concurs and considers this issue resolved.	7. (IV.3) COMPLETE: The Auditor concurs with corrective action taken.
CalWest Industrial Properties, LLC., RREEF America, LLC. Property Management Level Woodinville (Sept. 2007)	8. (V.1) Lease File Review - The Auditors noted that one sampled tenant file did not have evidence of a lease proposal in the lease file as required by the Agreement. The Auditors recommend that lease proposals be retained in the tenant lease files.	8. (V.1) RREEF Management Co. response - "For all future leases, RREEF will obtain and maintain lease proposals prior to signing new or renewal leases." Response from Investment Office Staff concurs and considers this issue resolved. Asset has been sold.	8. (V.1) COMPLETE: The Auditor agrees that no further action is needed.

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CalWest Industrial Properties, LLC., RREEF America, LLC. Property Management Level Southcenter Park West (Sept. 2007)	<p>9. (V.2) Leasing Commission - RREEF received a 2.5% commission for all six years of the lease term resulting in an overpayment of \$1,281.</p> <p>The Auditors recommend that property management reimburse the property for the overpayment of the leasing commission.</p>	<p>9. (V.2) RREEF Management Co. response - "RREEF agrees. The credit to the property has been initiated."</p> <p>Response from Investment Office</p> <p>Staff concurs and considers this issue resolved.</p>	<p>9. (V.2) COMPLETE:</p> <p>The Auditor concurs with corrective action taken.</p>
CalWest Industrial Properties, LLC., RREEF America, LLC. Property Management Level Woodinville (Sept. 2007)	<p>10. (V.3) Leasing Commissions - The Auditors noted two discrepancies regarding the commission rates paid to leasing agents and the payment of a commission for an expansion.</p> <p>The Auditors recommend that property management document in writing the current market conditions justifying the deviation from the lease commission rates agreed upon in the Authorization to Lease. Additionally, it was recommended that the lease commissions paid to the listing broker on the expansion be refunded to the property.</p>	<p>10. (V.3) RREEF Management Co. response - "RREEF will amend the Authorization to Lease for future instances where market conditions change, or obtain other written approval to pay commission rates that do not match the Authorization to Lease. RREEF has obtained written approval from the Advisor to pay the commissions that were paid. As such, RREEF will not be refunding the commission to the property. RREEF acknowledges that in the future, prior to payment of lease commissions, it will receive the necessary approvals to pay any commissions that are not already authorized in the Authorization of Lease."</p> <p>Response from Investment Office</p> <p>Staff concurs and considers this issue resolved.</p>	<p>10. (V.3) COMPLETE:</p> <p>The Auditor concurs with corrective action taken.</p>

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CalWest Industrial Properties, LLC., RREEF America, LLC. Property Management Level Woodinville (Sept. 2007)	<p>11. (V.4) Tenant Complaint Log - The property management team did not utilize the complaint log system used by the previous management team.</p> <p>The Auditors recommend that property management begin utilizing a tenant complaint log to track complaints made by the tenants for each property.</p>	<p>11. (V.4) RREEF Management Co. response - "RREEF has created and now maintains a tenant complaint log for this property."</p> <p>Response from Investment Office</p> <p>Staff concurs and considers this issue resolved.</p>	<p>11. (V.4) COMPLETE:</p> <p>The Auditor concurs with corrective action taken.</p>
CalWest Industrial Properties, LLC., RREEF America, LLC. Property Management Level Southcenter Park West & Woodinville (Sept. 2007)	<p>12. (V.5) Tenant Insurance Coverage - The Auditors noted several deficiencies with regard to tenant insurance coverage.</p> <p>The Auditors recommended that property management obtain insurance certificates from the tenants with the required coverage per the agreed upon terms of their respective leases.</p>	<p>12. (V.5) RREEF Management Co. response - [in part] For all specific certificate deficiencies, "RREEF will obtain the requisite insurance certificates per the recommendation." "Additionally, RREEF has initiated an insurance tracking program with a 3rd party vendor who monitors and obtains the required insurance certificates for all RREEF tenants." [See final report for complete response]</p> <p>Response from Investment Office</p> <p>Staff concurs and considers this issue resolved. Assets have been sold.</p>	<p>12. (V.5) COMPLETE:</p> <p>The Auditor agrees that no further action is needed.</p>

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CalWest Industrial Properties, LLC., RREEF America, LLC. Property Management Level Southcenter Park West & Woodinville (Sept. 2007)	13. (V.6) Tenant Lease Agreements - The Auditors noted that language in the tenant leases regarding insurance is not relevant in the state of Washington. The Auditors recommended that property management review and update current and future tenant leases to include the correct language with regards to worker's compensation and employer's liability insurance as it pertains to the state of Washington.	13. (V.6) RREEF Management Co. response - "RREEF agrees there is some disparity between the insurance requirements stated in the Washington state tenant leases and the Washington state insurance laws. RREEF is in the process of developing the language necessary to modify the leases in the state of Washington to properly consider the applicable insurance laws." Response from Investment Office Staff concurs and considers this issue resolved. Assets have been sold.	13. (V.6) COMPLETE: The Auditor agrees that no further action is needed.
CalWest Industrial Properties, LLC., RREEF America, LLC. Property Management Level Southcenter Park West & Woodinville (Sept. 2007)	14. (VI.1) Third Party Vendor Contracts - The Auditors noted that several vendor contract files did not contain evidence of competitive bidding in the contract files. The Auditors recommend that management maintain adequate documentation of its compliance with competitive bidding pursuant to section 2.5 of the property management agreement.	14. (VI.1) RREEF Management Co. response - "RREEF will ensure that competitive bids are obtained on all service contracts going forward and will maintain records evidencing such process." Response from Investment Office Staff concurs and considers this issue resolved. Assets have been sold.	14. (VI.1) COMPLETE: The Auditor agrees that no further action is needed.

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CalWest Industrial Properties, LLC., RREEF America, LLC. Property Management Level Woodinville (Sept. 2007)	15. (VI.2) Property Walk Through - The Auditors noted several items during their walk-through related to (A) fire extinguishers and (B) various items located in the common areas of the buildings. The Auditors recommend property address the fire extinguishers and common area issues with the applicable tenants.	15. (VI.2) RREEF Management Co. response - (A) "RREEF has completed the items called for in the recommendation" (B) "RREEF has cleared the common areas and also notified the tenants in question about keeping their items inside their space." Response from Investment Office Staff concurs and considers this issue resolved.	15. (VI.2) COMPLETE: The Auditor concurs with corrective action taken.
CalWest Industrial Properties, LLC., RREEF America, LLC. Property Management Level Hohokam 10 East & Broadwood (Sept. 2007)	16. (V) Lease File Testing - The Auditors noted two deficiencies with regard to tenant insurance coverage. The Auditors recommend that property management maintain appropriate documentation in tenant lease files.	16. (V) RREEF Management Co. response - [in part] RREEF has addressed the specific issues mentioned. "RREEF agrees that all tenant insurance files should be monitored. To meet this need...RREEF has implemented a program with a vendor who tracks and obtains the required insurance certificates for all RREEF tenants." [See final report for complete response] Response from Investment Office Staff concurs and considers this issue resolved. Assets have been sold.	16. (V) COMPLETE: The Auditor agrees that no further action is needed.

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CalWest Industrial Properties, LLC., RREEF America, LLC. Property Management Level Hohokam 10 East & Broadwood (Sept. 2007)	17. (VI) Third Party Vendor Contracts - The Auditors noted two deficiencies with regard to service contract files. The Auditors recommend that property management maintain appropriate documentation in service contract files.	17. (VI) RREEF Management Co. response - RREEF indicated that they will obtain and maintain adequate records regarding competitive bids and insurance certificates. [See final report for complete response] Response from Investment Office Staff concurs and considers this issue resolved. Assets have been sold.	17. (VI) COMPLETE: The Auditor agrees that no further action is needed.
CalWest Industrial Properties, LLC., RREEF America, LLC. Property Management Level 158th Commerce Park (Sept. 2007)	18. (IV.1) Tenant Improvements Competitive Bids - The Auditors noted that one contract for tenant improvements had not been competitively bid as required by section 2.5(b) of the Agreement. The Auditors recommend that management retain documentation of competitive bidding completed in accordance with section 2.5 of the property management agreement.	18. (IV.1) RREEF America, LLC response - "RREEF will ensure that all work above \$25,000 will be bid to three vendors, in accordance with the Agreement." Response from Investment Office Staff concurs and considers this issue resolved. Assets have been sold.	18. (IV.1) COMPLETE: The Auditor agrees that no further action is needed.

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CalWest Industrial Properties, LLC., RREEF America, LLC. Property Management Level 158th Commerce Park (Sept. 2007)	<p>19. (IV.2) CAM Expenses - The Auditors noted that in two instances, property management fees were not calculated in accordance with the lease agreement.</p> <p>The Auditors recommend that all CAM expenses billed to tenants be calculated in accordance with the lease agreements and that two overcharges to tenants be credited on their next billing statements (\$3,465 and \$108).</p>	<p>19. (IV.2) RREEF America, LLC response - [in part] "RREEF will ensure that property management fees billed back to tenants are computed in accordance with the lease agreements." With respect to the specific items noted by the Auditors, RREEF agrees with one recalculation of management fees but disagrees with the other. [See final report for complete response]</p> <p>Response from Investment Office Staff concurs and considers this issue resolved. Assets have been sold.</p>	<p>19. (IV.2) COMPLETE: The Auditor agrees that no further action is needed.</p>
CalWest Industrial Properties, LLC., RREEF America, LLC. Property Management Level 158th Commerce Park (Sept. 2007)	<p>20. (IV.3) Property Expenses - The Auditors noted that one invoice contained charges related to another property.</p> <p>The Auditors recommend that an adjustment (\$735) be made to the general ledger to reclassify the expense.</p>	<p>20. (IV.3) RREEF America, LLC response - "RREEF has caused the Columbia property to reimburse 158th Commerce Park for the \$735 portion of the security monitoring invoice."</p> <p>Response from Investment Office Staff concurs and considers this issue resolved.</p>	<p>20. (IV.3) COMPLETE: The Auditor concurs with corrective action taken.</p>

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CalWest Industrial Properties, LLC., RREEF America, LLC. Property Management Level Airport Business Center (Sept. 2007)	21. (V) Insurance Certificates - The Auditors noted a deficiency with regard to insurance coverage for one tenant. The Auditors recommend that property management ensure that the tenant retain the required amount of excess liability insurance.	21. (V) RREEF America, LLC response - "RREEF has obtained an insurance certificate from Sun Chemical that includes the required \$2 million of excess liability coverage." Response from Investment Office Staff concurs and considers this issue resolved.	21. (V) COMPLETE: The Auditor concurs with corrective action taken.
CalWest Industrial Properties, LLC., RREEF America, LLC. Property Management Level Airport & 158th Commerce Park (Sept. 2007)	22. (VI.1) Tenant Complaint Log - The Auditors noted that management did not utilize a formal tenant complaint log. The Auditors recommend that property management create a centralized tenant complaint log documenting all tenant complaints as well as the date of complaint and the date of resolution.	22. (VI.1) RREEF America, LLC response - "RREEF has created and now maintains a tenant complaint log for both of these properties." Response from Investment Office Staff concurs and considers this issue resolved.	22. (VI.1) COMPLETE: The Auditor concurs with corrective action taken.

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CalWest Industrial Properties, LLC., RREEF America, LLC. Property Management Level Airport Business Center (Sept. 2007)	23. (VI.2) Property Walk-Through - The Auditors noted one deficiency related to equipment being stored in the common area. The Auditors recommend that management notify the tenant of equipment improperly stored in front of the building.	23. (VI.2) RREEF America, LLC response - "The tenant equipment that was stored in front of the building has been removed." Response from Investment Office Staff concurs and considers this issue resolved.	23. (VI.2) COMPLETE: The Auditor concurs with corrective action taken.
CalWest Industrial Properties, LLC., RREEF America, LLC. Property Management Level Vista Distribution (Sept. 2007)	24. (IV.1) Increased Contract Rate - The Auditors noted that sample payments to a contractor did not agree with the contracted rate. The Auditors recommend that property management monitor all contract payments to 3rd party contractors to ascertain that the amounts paid for contract services agree to the rates specified in those contracts. Amendments should be executed when current terms have changed.	24. (IV.1) RREEF Management Co. response - "The vendor selected is no longer being used by the property. RREEF will continue to monitor vendor invoices to ascertain that the amount paid for service contracts agrees to the amount in the specified contracts." Response from Investment Office Staff concurs and considers is issue resolved. Assets have been sold.	24. (IV.1) COMPLETE: The Auditor agrees that no further action is needed.

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CalWest Industrial Properties, LLC., RREEF America, LLC. Property Management Level Vista Distribution (Sept. 2007)	25. (V) Expired Tenant Insurance Certificates - The Auditors noted deficiencies with regard to insurance for one sampled tenant. The Auditors recommend that property management keep updated certificates of insurance for all tenants.	25. (V) RREEF Management Co. response - [in part] "RREEF has implemented a program with a vendor who will track and obtain the required insurance certificates from all RREEF tenants." [See final report for complete response] Response from Investment Office Staff concurs and considers is issue resolved. Assets have been sold.	25. (V) COMPLETE: The Auditor agrees that no further action is needed.
CalWest Industrial Properties, LLC., RREEF America, LLC. Property Management Level Vista Distribution (Sept. 2007)	26. (VI.1-2) Competitive Bidding & Expired Insurance Certificates - The Auditors noted two deficiencies in third party service contract files including one contract that was not competitively bid and one contractor whose certificate of insurance was expired. The Auditors recommend that contract files contain documentation of competitive bids performed and current insurance certificates meeting the requirements of section 8.6 of the Agreement.	26. (VI.1-2) RREEF Management Co. response - RREEF indicated that the specific issues addressed by the Auditor have been remedied and that "RREEF will continue to monitor the insurance certificates of all vendors and will update them to current as required." [See final report for complete response] Response from Investment Office Staff concurs and considers is issue resolved. Assets have been sold.	26. (VI.1-2) COMPLETE: The Auditor agrees that no further action is needed.

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CalWest Industrial Properties, LLC., RREEF America, LLC. Property Management Level Vista Distribution (Sept. 2007)	<p>27. (VI.3-4) Overspray on Parking Lot & Concrete Repairs - The Auditors noted two deficiencies in property maintenance relating to overspray on the pavement and a damaged concrete wall.</p> <p>The Auditors recommend that management notify the tenant regarding the overspray clean up and make the necessary concrete repairs noted.</p>	<p>27. (VI.3-4) RREEF Management Co. response - "The overspray was cleaned in an environmentally-sensitive manner upon the tenant vacating the space. The recommended concrete repairs have been completed."</p> <p>Response from Investment Office</p> <p>Staff concurs and considers this issue resolved.</p>	<p>27. (VI.3-4) COMPLETE:</p> <p>The Auditor concurs with corrective action taken.</p>
CalWest Industrial Properties, LLC., RREEF America, LLC. Property Management Level Miramar Distribution (Sept. 2007)	<p>28. (IV.2) Contractor Selection - The Auditors noted one deficiency related to the selection of a contractor.</p> <p>The Auditors recommend that property management obtain approval to select contractors who have not submitted the lowest bid for capital improvements. Additionally, it was recommended that property management retain all documentation of approvals as required in the Agreement.</p>	<p>28. (IV.2) RREEF Management Co. response - "RREEF acknowledges that the lowest bidders are not always chosen due to time constraints, knowledge of particular bidders, or similar intangible reasons. RREEF will maintain documented approvals in the event the lowest bidder is not chosen, and will maintain such documentation in its files."</p> <p>Response from Investment Office</p> <p>Staff concurs and considers this issue resolved.</p>	<p>28. (IV.2) COMPLETE:</p> <p>The Auditor concurs with corrective action taken.</p>

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Resmark Equity Partners General Partner Level (Sept. 2007)	<p>1. (III) Portfolio Management: Quarterly Report - The Auditors noted that the 9/30/06 quarterly report stated that the Ladera Ranch project by William Lyon Homes had closed Feb-06 while the last closing of escrow actually occurred in Dec-06. In Feb-06, ORA once received 100% of their investment plus the sum of the investment return account, ORA assigned their membership interest over to William Lyon, effectively withdrawing from the company.</p> <p>The Auditors recommends that the Project Returns Report include an additional column in between the "First Funding Date" and the "Project Close Date" columns entitled "Project Exit Date" in which ORA no longer has an interest in the project. The Auditors further recommend that, as of the project exit date, the Project Returns Report should include the total number of lot closings to date.</p>	<p>1. (III) Resmark Equity Partners response - "The Projected Returns Report is a standard Excel spreadsheet, created by CalPERS, which is utilized by the CalPERS advisors for purposes of reporting portfolio information to CalPERS on a quarterly basis. For any changes to be made to this template, please ask CalPERS to request the change."</p> <p>Response from Investment Office</p> <p>After discussion with CalPERS, RESMARK, beginning with the September 30, 2007 submittal, has modified the Projected Returns Report as recommended.</p>	<p>1. (III) COMPLETE:</p> <p>The Auditor concurs with corrective action taken.</p>

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Resmark Equity Partners Project Developer Fieldstone Communities, Inc. (Sept. 2007)	<p>2. (2) Overhead Costs - The Auditors noted two disbursements that do not directly benefit the project: A \$1,045 payment for a superintendent's fishing retreat, and a \$1,747 payment for a sales conference in Las Vegas.</p> <p>As these costs do not directly benefit the project, the Auditors recommend that they be paid by Fieldstone.</p>	<p>2. (2) Fieldstone Communities, Inc. response - No response provided.</p> <p>Response from Investment Office</p> <p>The structure of this investment was a 100% sweep of capital and preferred return to a target IRR (Internal Rate of Return). This investment was sold during the 1st quarter of 2006, and since the maximum IRR was achieved, the fund is not due any reimbursement.</p>	<p>2. (2) COMPLETE:</p> <p>The Auditor concurs with corrective action taken.</p>

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Resmark Equity Partners Project Developer Fieldstone Communities, Inc. (Sept. 2007)	3. (3) Disbursement Testing - The Auditors noted three disbursements which were only supported by check requests with no receipts or invoices attached. All costs are considered usual and customary project costs in accordance with the terms of the Agreement. The Auditors recommend that Fieldstone retain all necessary supporting documentation, invoices or receipts, prior to payment of a disbursement on all future projects.	3. (3) Fieldstone Communities, Inc. response - No response provided. Response from Investment Office Resmark does not have any active projects with Fieldstone and does not have any prospective investments at this time. Should the opportunity for future investments arise, Resmark will communicate these findings to Fieldstone, and ensure that adequate procedures are implemented.	3. (3) COMPLETE: The Auditor concurs with corrective action taken.

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Resmark Equity Partners Project Developer Fieldstone Communities, Inc. (Sept. 2007)	<p>4. (4) Subcontractor Review - The Auditors noted the following exceptions: (A) Three contracts selected for testing did not have evidence of competitive bidding. However, Fieldstone's updated practice is to obtain competitive bids from the subcontractors prior to construction, which was supported by documentation (B) Three of the tested subcontractors did not have evidence of insurance included in the file (C) Two of the four contract files did not have the responsible contractor forms of all required by the Agreement, and (D) None of the subcontracts tested contained a non-discrimination clause.</p> <p>The Auditors recommend that: (A) No recommendation is deemed necessary (B) Fieldstone obtain evidence of insurance from the subcontractor in accordance with the terms of the subcontract in the contract file (C) Fieldstone obtain the Responsible Contractor forms of all subcontractors, retain copies in the contract files and that Resmark monitor the Developers on this requirement, and (D) Fieldstone include a non-discrimination clause in the their standard contract or attach the clause as an exhibit for all CalPERS projects.</p>	<p>4. (4) Fieldstone Communities, Inc. response - "Resmark currently does not have any active projects with Fieldstone. If Resmark enters into new investments with Fieldstone in the future, your suggestions as stated in the audit findings will be implemented, and they will be reviewed with Fieldstone management during the origination and underwriting process."</p> <p>Response from Investment Office Staff considers this issue resolved.</p>	<p>4. (4) COMPLETE: The Auditor concurs with corrective action taken.</p>

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Resmark Equity Partners Project Developer Pacifica Vintage LP (Sept. 2007)	<p>5. (2) Wire Transfer Delay - The Auditors noted that with regard to 85 closings, the escrow closing date did not agree to the wire transfer date recorded by ORA Multifamily Investments, LLC. Additionally, they noted that with regard to 33 closings, the wire transfer date was more than 2 weeks after the closing of the unit.</p> <p>The net effect of the above discrepancies accelerated the payoff of the Senior Loan. Remark has finalized the project and reached settlement with the Partners, therefore, no financial adjustments are deemed necessary. The Auditors recommend that ORA Multifamily Investments, LLC routinely monitor the flow of wire transfers out of escrow on future projects, to ascertain that funds are being distributed timely and correctly.</p>	<p>5. (2) Pacifica Vintage LP response - "Most of the discrepancies noted in your findings related to the first closings in the project. Our updated process requires that our asset managers notify Resmark's escrow coordinator of the commencement of escrow closings, to ensure the timely receipt of proceeds from the escrow company. Resmark maintains a net proceeds spreadsheet for every project, allocating all revenue and costs paid per unit closing. Resmark personnel conduct daily reviews of our bank's website to verify receipt of wires from escrow companies. Upon receipt of final HUD (Housing and Urban Development) statements for unit closings, the wires are reconciled with the HUD's to confirm accuracy. (Please be advised that late afternoon escrow closings will have a different settlement date, compared to the wire date, due to the Federal Reserve restrictions.)"</p> <p>Response from Investment Office</p> <p>Staff considers this issue resolved.</p>	<p>5. (2) COMPLETE:</p> <p>The Auditor concurs with corrective action taken.</p>

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Resmark Equity Partners Project Developer Pacifica Vintage LP (Sept. 2007)	<p>6. (4) Senior Lender Payoff - The Auditors noted that on Exhibit E-2 of the Construction Loan Agreement, the Senior Release Price 'paydown' amount for Plan C was agreed to be \$142,050. The Auditors noted two instances in which an incorrect Senior Release Price 'paydown' amount was used.</p> <p>We recommend that ORA routinely review and approve 'paydown' amounts by Plan in their Schedule to ascertain that errors of this nature will be corrected in a more timely manner on future projects.</p>	<p>6. (4) Pacifica Vintage LP response - "Your suggestion for monitoring escrows have been incorporated into our escrow procedures. For each applicable escrow closing, the net proceeds spreadsheet for the respective project is updated and the corresponding release price is applied per plan type. Resmark personnel also use the net proceeds spreadsheet to calculate monthly distributions to the builder partner. We are able to monitor unit closings by reconciling the weekly sales report of closed units to the projected unit closings."</p> <p>Response from Investment Office</p> <p>Staff considers this issue resolved.</p>	<p>6. (4) COMPLETE:</p> <p>The Auditor concurs with corrective action taken.</p>

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SHP Senior Housing Fund, LLC General Partner Level (October 2007)	1. (I) Preliminary Procedures: Accounting Manual - The Auditors noted that management does not maintain an accounting manual. The Auditors recommend that management draft an accounting manual documenting policies, procedures and responsibilities of key positions within the Fund.	1. (I) SHP Asset Management response - Management indicated that they will implement this recommendation. Response from Investment Office SHP is still in the process of creating the accounting manual. This manual is projected to take nine months.	1. (I) IN PROGRESS: The Auditor concurs with management's corrective action plan.
SHP Senior Housing Fund, LLC General Partner Level (October 2007)	2. (V) Asset Management: Appraised Value in the Quarterly Report – The Auditors noted that the appraised value of the Johnson Ezell Health Care portfolio was not updated with the current appraised value in the 12/31/06 Quarterly Report. Therefore, the value reported in the 12/31/06 Quarterly Report was overstated by \$4,480,000. The Auditors recommend that management update the next Quarterly Report with the correct appraised value of \$45,300,000. In addition, the Auditors recommend that SHP reissue the "Portfolio Appraisal, Market and Historic Cost Values" schedule for the quarter ended 12/31/06.	2. (V) SHP Asset Management response – Management revised the "Portfolio Appraisal, Market and Historic Cost Values" schedule for the Johnson Ezell Health Care Portfolio to reflect the 12/31/06 certified appraised values in the 3/31/07 Quarterly Report issued on 5/15/07. Management reissued the revised "Portfolio Appraisal, Market and Historic Cost Values" schedule to CalPERS for the quarter ending 12/31/06 on 8/08/07. Management indicated that all other accounting information contained in the 12/31/06 quarterly report properly reflected the certified appraised values as of 12/31/06. Response from Investment Office Staff concurs and considers this issue resolved.	2. (V) COMPLETE: The Auditor concurs with corrective action taken.

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SHP Senior Living Services, LLC Property Management Level (October 2007)	3. (III) Internal Controls: Accounting Manual - The Auditors noted that property management does not maintain an accounting manual. The Auditors recommend that property management draft an accounting manual documenting the policies, procedures and responsibilities of key positions at the property.	3. (III) SHP Asset Management response - Management indicated that Senior Living Services, LLC ("SLS") will implement this recommendation. Response from Investment Office SHP is still in the process of creating the accounting manual. This manual is projected to take nine months.	3. (III) IN PROGRESS: The Auditor concurs with management's corrective action plan.
SHP Senior Living Services, LLC Property Management Level (October 2007)	4. (IV) Accounting and Financial Procedures: Bank Reconciliation - The Auditors noted 21 checks which had been outstanding in excess of 90 days totaling \$12,248. Property management's policy is to hold outstanding checks for 5 years. The Auditors recommend that property management review its policies regarding outstanding checks. Outstanding checks should be reissued or reversed every six months.	4. (IV) SHP Asset Management response - Effective immediately, management will void any check that has been outstanding for more than 6 months. Management will contact the payee to determine if the check should be reissued or reversed. If the payee cannot be contacted, the check amount will be recorded in an escheatment account and remitted to the State of Florida in accordance with the State regulations. Response from Investment Office SHP is still in the process of creating the accounting manual. This manual is projected to take nine months.	4. (IV) IN PROGRESS: The Auditor concurs with management's corrective action plan.

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SHP Senior Living Services, LLC Property Management Level (October 2007)	5. (VI) Operations and Maintenance: Third-Party Service Contracts - The Auditors noted deficiencies with regard to third-party contractor's certificates of insurance and service contracts. The Auditors recommend that property management remedy the deficiencies as noted in the audit report.	5. (VI) SHP Asset Management response - Management agreed with the Auditors' recommendation and will remedy the deficiencies. Response from Investment Office SHP is still in the process of creating the accounting manual. This manual is projected to take nine months.	5. (VI) IN PROGRESS: The Auditor concurs with management's corrective action plan.
AEW Capital Management General Partner Level (Dec 2007)	1. (III.A) Portfolio Management: Disbursement Testing - The Auditors noted one disbursement in the amount of \$14,512 to the New York State Department of Taxation and Finance related to interest and penalties due to a late payment of real estate transfer tax. The Auditors recommend that AEW refund the Fund in the amount of \$14,512.	1. (III.A) AEW Capital Management response - The fine and penalty was due to Sunrise submitting a NY state sale transfer return forty-five (45) days after the sale of the AL One venture (due in thirty (30) days). Sunrise refused to pay for the interest and penalties at time of the notice. AEW is attempting to collect a reimbursement from Sunrise with the AL US Development sale reconciliation. If AEW cannot collect the reimbursement, AEW will reimburse the Fund. Response from Investment Office AEW was able to recover a portion of the \$14,512 through the AL US Development true-up in January 2008, (approximately \$8,000). AEW will remit payment by the end of February 2008.	1. (III.A) COMPLETE: The Auditor agrees that no further action is necessary.

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AEW Capital Management General Partner Level (Dec 2007)	<p>2. (III.B) Portfolio Management: Project Oversight Fees - The Auditors noted AEW included \$176,869 related to legal fees/loan costs in development costs for purposes of calculating Project Oversight Fees. Removal of such costs and recalculation of the Project Oversight Fees using the contractual rate of 1% results in a \$1,428 decrease to Project Oversight Fees.</p> <p>The Auditors recommend that AEW reimburse the Fund in the amount of \$1,428.</p>	<p>2. (III.B) AEW Capital Management response - AEW reimbursed the Fund in the same quarter as finding (Q1 2007).</p> <p>Response from Investment Office</p> <p>The Fund has been reimbursed in the amount of \$1,428.00.</p>	<p>2. (III.B) COMPLETE:</p> <p>The Auditor concurs with corrective action taken.</p>

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AEW Capital Management General Partner Level (Dec 2007)	<p>3. (V.1) Asset Management: Portfolio Diversification - Exhibit A of the Agreement limits the assisted living product type to 40% of the total portfolio. The Auditors noted that assisted living currently accounts for 83% of the total portfolio. This finding was noted in the Auditor's prior report on AEW and it was recommended that AEW receive specific written approval from CalPERS to exceed the portfolio allocation for assisted living properties. Written approval was not received.</p> <p>The Auditors recommend that AEW receive written approval from CalPERS to deviate from the program and investment guidelines as listed in Exhibits A and B of the Agreement.</p>	<p>3. (V.1) AEW Capital Management response - AEW has never received written documentation from CalPERS for the deviation from property type diversification detailed in the Agreement. AEW will add a property type diversification chart to the 2008 annual business plan to detail the Fund's total diversification.</p> <p>Response from Investment Office</p> <p>AEW added a property type diversification chart to the business plan.</p>	<p>3. (V.1) COMPLETE:</p> <p>The Auditor concurs with corrective action taken.</p>

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AEW Capital Management General Partner Level (Dec 2007)	<p>4. (V.2) Asset Management: Portfolio Diversification - In the Auditor's previous compliance report on AEW, AEW indicated that they would include a chart in all future Annual Business Plans showing the stabilized and non-stabilized investments as a percentage of total portfolio value. The Auditors noted that this was not done by AEW in their 2007 Annual Business Plan. AEW indicated that this corrective action was not implemented.</p> <p>The Auditors continue to recommend that AEW include a chart in the Annual Business Plan documenting the diversification of stabilized versus non-stabilized investments as a percentage of the total portfolio value.</p>	<p>4. (V.2) AEW Capital Management response - AEW added a chart to the quarterly report (Q1 2007) detailing the Fund's exposure to stabilized and non-stabilized properties. The chart has been included in each quarterly report since Q1 2007. AEW will also add a chart in the 2008 Annual Business Plan.</p> <p>Response from Investment Office</p> <p>AEW added a chart per auditors recommendations to the quarterly reports.</p>	<p>4. (V.2) COMPLETE:</p> <p>The Auditor concurs with corrective action taken.</p>

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AEW Capital Management Property Level Belmont Village, L.P. Belmont Village of Green Hills (Dec 2007)	<p>5. (IV) Accounting and Financial Procedures: Management Fees - The Auditors noted that interest income from an investment account was included in the revenue base used to calculate the Management Fee. Section 1.28 of the Facility Management Agreement disallows this revenue from the calculation base. This resulted in overpayment of Management Fees in the amount of \$333 during 2006.</p> <p>The Auditors recommend that property management correct the calculation. Additionally, the Auditors recommend that property management provide a credit to the property in the amount of \$333.</p>	<p>5. (IV) AEW Capital Management response - AEW reimbursed the Fund in the same quarter as finding (Q1 2007).</p> <p>Response from Investment Office</p> <p>AEW has reimbursed the fund in the amount of \$333.00</p>	<p>5. (IV) COMPLETE:</p> <p>The Auditor concurs with corrective action taken.</p>
AEW Capital Management Property Level Belmont Village, L.P. Belmont Village of Green Hills (Dec 2007)	<p>6. (VI.A) Operations and Maintenance: Third Party Services Contracts - The Auditors noted that insurance certificates for Landscape Services, Inc. and Enviroclean, LLC did not name the Owner as an additional insured.</p> <p>The Auditors recommend that property management require contractors to name the Owner as an additional insured on certificates of insurance.</p>	<p>6. (VI.A) AEW Capital Management response - AEW notified joint venture partner/property manager of findings in October 2007.</p> <p>Response from Investment Office</p> <p>Property management has notified contractors that the owner should be included as additional insured on certificates of insurance. Staff considers this issue resolved.</p>	<p>6. (VI.A) COMPLETE:</p> <p>The Auditor concurs with corrective action taken.</p>

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AEW Capital Management Property Level Belmont Village, L.P. Belmont Village of Green Hills (Dec 2007)	<p>7. (VI.B) Operations and Maintenance: Third Party Services Contracts - The Auditors noted that the invoice submitted by LSI for snow removal was not itemized in a manner that would enable property management to confirm that hourly rates and material charges were consistent with the respective contract.</p> <p>The Auditors recommend that property management require that contractor invoices be submitted in sufficient detail that allows confirmation of appropriate charges for labor and materials.</p>	<p>7. (VI.B) AEW Capital Management response - AEW notified joint venture partner/property manager of findings in October 2007.</p> <p>Response from Investment Office</p> <p>Property managers have been notified of the requirement for additional breakdown of charges for labor and material.</p>	<p>7.(VI.B) COMPLETE:</p> <p>The Auditor concurs with corrective action taken.</p>
AEW Capital Management Property Level AL U.S./Seal Beach Senior Housing, L.P. Sunrise Assisted Living of Seal Beach (Dec 2007)	<p>8. (IV.A) Accounting and Financial Procedures: Rent Roll Report - The Auditors sampled 12 tenants and noted 4 discrepancies regarding fees and move in/move out dates between the rent roll reports and the tenant lease files. These discrepancies were discussed with the Area Manager of Operations in February 2007.</p> <p>The Auditors recommend that property management ascertain that tenant information listed on the rent roll report agrees to the tenant lease files.</p>	<p>8. (IV.A) AEW Capital Management response - AEW received notification of finding in October 2007, asset sold in 06/07.</p> <p>Response from Investment Office</p> <p>Staff concurs and considers this issue resolved.</p>	<p>8. (IV.A) COMPLETE:</p> <p>Auditor agrees that no further action is needed.</p>

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AEW Capital Management Property Level AL U.S./Seal Beach Senior Housing, L.P. Sunrise Assisted Living of Seal Beach (Dec 2007)	<p>9. (IV.B) Accounting and Financial Procedures: Property Management Fee The Auditors sampled property management fees for the months of January 2006 through November 2006. The Auditors noted that the property achieved the 7% Property Management Fee threshold in September 2004. In April and September of 2006, the property's Net Operating Income fell below the 7% threshold; however property management continued to charge 7% for the Property Management Fee. Our recalculation of the fees for April and September of 2006 were completed using the applicable fee percentage for the actual Net Operating Income for each respective month. This recalculation resulted in a potential overcharge in the amount of \$20,691 for the two months noted above. This discrepancy was discussed with the Area Manager of Operations in February 2007.</p> <p>Given that the Management Agreement is silent regarding whether the fee percentage should be reduced when Net Operating Income drops below the previously achieved threshold, we recommend that property management work with AEW to amend the Management Agreement to specifically address a minimum management fee for those instances when occupancy and Net Operating Income are reduced.</p>	<p>9. (IV.B) AEW Capital Management response - The Fund invested in a ground-up development venture with Sunrise (AL US Development). The management agreement was structured to incentivize Sunrise to construct and lease the properties as quickly as possible with a tiered management fee concept. Once leased, the assisted living property type has a relatively stable rent roll and Sunrise's management fee increased based on the increasing NOI that the rent roll produced. It was never the intent that Sunrise should be penalized for an occasional dip below certain NOI thresholds once the thresholds were met. Therefore, AEW does not agree with MHM that the management agreement is silent regarding whether the fee percentage should be reduced when Net Operating Income drops below the previously achieved threshold. AEW will take this finding into consideration when negotiating future management agreements. Asset was sold 06/07.</p> <p>Response from Investment Office</p> <p>Staff concurs and considers is issue resolved. Assets have been sold.</p>	<p>9. (IV.B) COMPLETE:</p> <p>The Auditor agrees that no further action is needed.</p>
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AEW Capital Management Property Level AL U.S./Seal Beach Senior Housing, L.P. Sunrise Assisted Living of Seal Beach (Dec 2007)	<p>10. (VI.A) Operations and Maintenance: Third-Party Service Contracts - The Auditors sampled three vendor contract files and noted discrepancies with regard to service contracts and certificates of insurance in all three of the contract files. This discrepancy was discussed with the Area Manager of Operations in February 2007.</p> <p>The Auditors recommend that property management review contracts and certificates of insurance to ascertain compliance with the Agreement.</p>	<p>10. (VI.A) AEW Capital Management response - AEW received notification of finding in October 2007, asset sold 06/07.</p> <p>Response from Investment Office</p> <p>Staff concurs and considers is issue resolved. Assets have been sold.</p>	<p>10. (VI.A) COMPLETE:</p> <p>The Auditor agrees that no further action is needed.</p>
AEW Capital Management Property Level AL U.S./Seal Beach Senior Housing, L.P. Sunrise Assisted Living of Seal Beach (Dec 2007)	<p>11. (VI.B) Operations and Maintenance: Property Walk-Through - The Auditors noted flammable materials in the Maintenance Coordinator's office that were not stored properly. This discrepancy was discussed with the Area Manager of Operations in February 2007.</p> <p>The Auditors recommend that property management store flammable materials in a fire resistant cabinet.</p>	<p>11. (VI.B) AEW Capital Management response - AEW received notification of finding in October 2007, asset sold 06/07.</p> <p>Response from Investment Office</p> <p>Staff concurs and considers is issue resolved. Assets have been sold.</p>	<p>11. (VI.B) COMPLETE:</p> <p>The Auditor agrees that no further action is needed.</p>

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Partner/Property	Auditor's Finding and Recommendation	Auditee Response and Status per Investment Office	Finding Status / Auditor Comment
AEW Capital Management Property Level AL U.S./Huntington Beach Senior Housing, L.P. Sunrise Assisted Living of Huntington Beach (Dec 2007)	<p>12. (IV.A) Accounting and Financial Procedures: Rent Roll Report - The Auditors sampled 10 tenants and noted 7 discrepancies regarding fees and move in/move out dates between the rent roll reports and the tenant lease files. These discrepancies were discussed with the Area Manager of Operations in February 2007.</p> <p>The Auditors recommend that property management ascertain that tenant information listed on the rent roll report agrees to the tenant lease files.</p>	<p>12. (IV.A) AEW Capital Management response - AEW received notification of finding in October 2007, asset was sold in 06/07.</p> <p>Response from Investment Office</p> <p>Staff concurs and considers is issue resolved. Assets have been sold.</p>	<p>12. (IV.A) COMPLETE:</p> <p>The Auditor agrees that no further action is needed.</p>

Note: Corrective action performed following the end of field work is not subject to audit verification. Where finding status is based on the successful implementation of corrective action, completion of such action is based on investment partner representations.

AGENDA ITEM 5
AUDIT RESOLUTION STATUS - REAL ESTATE AUDIT FINDINGS
(CURRENT YEAR REPORTS WITH CURRENT YEAR UPDATES)
AS OF DECEMBER 31, 2007

Partner/Property	Auditor's Finding and Recommendation	Auditee Response and Status per Investment Office	Finding Status / Auditor Comment
<p>AEW Capital Management Property Level AL U.S./Huntington Beach Senior Housing, L.P. Sunrise Assisted Living of Huntington Beach (Dec 2007)</p>	<p>13. (IV.B) Accounting and Financial Procedures: Property Management Fee - The Auditors noted that the property achieved the 7% Property Management Fee threshold prior to 2006. During 2006, the property's Net Operating Income fell below the 7% threshold; however property management continued to charge 7% for the Property Management Fee. Our recalculation of the fees for 2006 was completed using the applicable fee percentage for the actual Net Operating Income for each respective month. This recalculation resulted in a potential overcharge in the amount of \$32,541 for 2006. This discrepancy was discussed with the Area Manager of Operations in February 2007.</p> <p>Given that the Management Agreement is silent regarding whether the fee percentage should be reduced when Net Operating Income drops below the previously achieved threshold, we recommend that property management work with AEW to amend the Management Agreement to specifically address a minimum management fee for those instances when occupancy and Net Operating Income are reduced.</p>	<p>13. (IV.B) AEW Capital Management response - The Fund invested in a ground-up development venture with Sunrise (AL US Development). The management agreement was structured to incentivize Sunrise to construct and lease the properties as quickly as possible with a tiered management fee concept. Once leased, the assisted living property type has a relatively stable rent roll and Sunrise's management fee increased based on the increasing NOI that the rent roll produced. It was never the intent that Sunrise should be penalized for an occasional dip below certain NOI thresholds once the thresholds were met. Therefore, AEW does not agree with MHM that the management agreement is silent regarding whether the fee percentage should be reduced when Net Operating Income drops below the previously achieved threshold. AEW will take this finding into consideration when negotiating future management agreements. Asset was sold in 06/07.</p> <p>Response from Investment Office</p> <p>Staff concurs and considers is issue resolved. Assets have been sold.</p>	<p>13. (IV.B) COMPLETE: The Auditor agrees that no further action is needed.</p>

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AGENDA ITEM 5
AUDIT RESOLUTION STATUS - REAL ESTATE AUDIT FINDINGS
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Partner/Property	Auditor's Finding and Recommendation	Auditee Response and Status per Investment Office	Finding Status / Auditor Comment
AEW Capital Management Property Level AL U.S./Huntington Beach Senior Housing, L.P. Sunrise Assisted Living of Huntington Beach (Dec 2007)	14. (VI.A) Operations and Maintenance: Third-Party Service Contracts - The Auditors sampled three service contract files and noted several discrepancies with regard to service contracts and certificates of insurance. This discrepancy was discussed with the Area Manager of Operations in February 2007. The Auditors recommend that property management review contracts and certificates of insurance to ascertain compliance with the Agreement.	14. (VI.A) AEW Capital Management response - AEW received notification of finding in October 2007, asset was sold in 06/07. Response from Investment Office Staff concurs and considers is issue resolved. Assets have been sold.	14. (VI.A) COMPLETE: The Auditor agrees that no further action is needed.
AEW Capital Management Property Level AL U.S./Huntington Beach Senior Housing, L.P. Sunrise Assisted Living of Huntington Beach (Dec 2007)	15. (VI.B) Operations and Maintenance: Property Walk-Through - The Auditors noted several items during their walk-through including an expired elevator certificate and flammable items not properly stored. This discrepancy was discussed with the Area Manager of Operations in February 2007. The Auditors recommend that property management remedy the noted walk-through items.	15. (VI.B) AEW Capital Management response - AEW received notification of finding in October 2007, asset was sold in 06/07. Response from Investment Office Staff concurs and considers is issue resolved. Assets have been sold.	15. (VI.B) COMPLETE: The Auditor agrees that no further action is needed.

Note: Corrective action performed following the end of field work is not subject to audit verification. Where finding status is based on the successful implementation of corrective action, completion of such action is based on investment partner representations.